

# PARADIS VOLUNTEER FIRE DEPARTMENT, INC.

PARADIS, LOUISIANA

## FINANCIAL REPORT

**As of and for the Year Ended December 31, 2008**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/29/09

**T.S. KEARNS & CO.**  


(A Professional Corporation)  
164 West Main Street, Thibodaux, LA 70301  
South end of Canal Boulevard  
(985) 447-8507 Fax (985) 447-4833  
kearnscpa@kearnscpa.com

# **PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**

Paradis, Louisiana

## **FINANCIAL REPORT**

As of and for the year ended December 31, 2008

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**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**

Paradis, Louisiana

**FINANCIAL REPORT**

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## INDEPENDENT AUDITOR'S REPORT

**Board of Directors  
Paradis Volunteer Fire Department, Inc.  
Paradis, Louisiana**

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Paradis Volunteer Fire Department, Inc. (the department) as of and for the year ended December 31, 2008, which collectively comprise the department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the department's management. Our responsibility is to express opinions on these financial statements based on our audit.

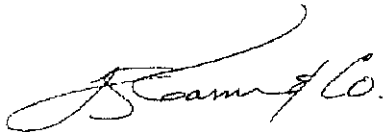
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund of the Paradis Volunteer Fire Department, Inc., as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2009, on our consideration of the department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 5 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Paradis Volunteer Fire Department's basic financial statements. The accompanying supplemental information presented on page 25 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Thibodaux, Louisiana  
June 28, 2009

## **Required Supplemental Information**

# **PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**

Paradis, Louisiana

## **Management's Discussion and Analysis For the year ended December 31, 2008**

Our discussion and analysis of the Paradis Volunteer Fire Department, Inc.'s (the department) financial performance provides an overview of the department's financial activities for the fiscal year ended December 31, 2008. Please read it in conjunction with the department's financial statements, which begin on page 9.

### **FINANCIAL HIGHLIGHTS**

- Based upon the operation of 2008, the department's net assets increased by \$7,102 and resulted in ending net assets of \$1,219,754.
- Cash and investments at the end of the year were \$241,553 lower than last year.

### **USING THIS ANNUAL REPORT**

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities found on pages 9 and 10 provides information about the financial activities of the department and illustrate a longer-term view of the department's finances. Fund financial statements start on page 11. For governmental-type activities, these statements illustrate how these services were financed in the short-term and what remains for future spending. Fund financial statements also report the department's operations in more detail than the government-wide sections of the statements by providing information about the department's significant funds.

### **A. REPORTING ON THE GOVERNMENT-WIDE FINANCIAL STATEMENTS**

#### **1. The Statement of Net Assets and the Statement of Activities**

The government-wide financial statements present financial information for all activities of the department from an economic resource measurement focus using the accrual basis of accounting. They present governmental activities, such as general government, separately from business-type activities. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the department's net assets and the change in them. These net assets, the difference between the assets and the liabilities, are one way to measure the department's financial position or financial health. Over time, increases or decreases in the department's net assets are one indicator of whether its financial health is improving or deteriorating.

### **B. REPORTING ON THE DEPARTMENT'S MOST SIGNIFICANT FUNDS**

#### **1. Fund Financial Statements**

The fund financial statements provide detailed information about the department's governmental funds. All of the department's expenditures, are reported in governmental funds, which focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual method, which measures

# PARADIS VOLUNTEER FIRE DEPARTMENT, INC.

Paradis, Louisiana

## Management's Discussion and Analysis For the year ended December 31, 2008

cash and all other financial assets that could readily converted to cash. The governmental fund statements provide a detailed short-term view of the department's general operations and the expense paid from these funds. The information in the governmental funds helps determine if there are more or less financial resources to finance future department expenses. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the governmental funds in reconciliation's on pages 13 and 14.

### AN ANALYSIS OF THE DEPARTMENT USING GOVERNMENT-WIDE FINANCIAL STATEMENTS

#### A. STATEMENT OF NET ASSETS

The following amounts reflect condensed information on the department's net assets:

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Current assets	\$ 449,336	\$ 682,368
Capital assets, net of accumulated depreciation	<u>1,691,765</u>	<u>1,245,843</u>
<b>Total assets</b>	<u>\$ 2,141,101</u>	<u>\$ 1,928,211</u>
<b>Liabilities</b>		
Current liabilities	\$ 78,893	\$ 33,133
Long-term liabilities	<u>842,454</u>	<u>682,426</u>
<b>Total liabilities</b>	<u>\$ 921,347</u>	<u>\$ 715,559</u>
<b>Net Assets</b>		
Investment in capital assets, net of related debt	\$ 787,079	\$ 541,113
Unrestricted	<u>432,675</u>	<u>671,539</u>
<b>Total net assets</b>	<u>\$ 1,219,754</u>	<u>\$ 1,212,652</u>

- Current assets for the year were \$233,032 lower than last year, due to a decrease in cash and investments. A new fire truck was purchased in 2008. \$309,045 was applied towards the down payment.
- At the end of the year, the department had capital assets, net of accumulated depreciation in the amount of \$1,691,765, including current year equipment purchases of \$23,951 and vehicle purchase of \$531,305. Capital assets, net of accumulated depreciation is made up of \$2,674,623 in capital assets and \$982,858 in accumulated depreciation.



**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**  
Paradis, Louisiana

**Management's Discussion and Analysis**  
For the year ended December 31, 2008

- The department's note payable balance is \$904,686; of which \$62,232 is due in less than 1 year and \$842,453 is due in more than 1 year. The increase in notes payable in comparison to 2007 is attributable to the current year financing of a Chasis 77' Arial Truck. The trucks' total cost was \$531,305; the department paid \$309,045 in cash and financed the remaining \$222,260.
- The current capital assets, net of accumulated depreciation and debt, results in an Invested in capital assets, net of debt balance of \$787,079.

**B. STATEMENT OF ACTIVITIES**

The following table illustrates the revenues and expenses that produced the increase in net assets for the fiscal year.

	<u>2008</u>	<u>2007</u>
<b>Revenue</b>		
Operating grants	\$ -	\$ 4,000
General revenue	<u>301,459</u>	<u>316,028</u>
Total revenue	301,459	320,028
<b>Expenses</b>		
Public safety - fire protection	<u>294,357</u>	<u>275,440</u>
Total expenses	<u>294,357</u>	<u>275,440</u>
<b>Change in net assets</b>	7,102	44,588
<b>Net assets:</b>		
Beginning of the year	<u>1,212,652</u>	<u>1,168,063</u>
End of the year	<u>\$ 1,219,754</u>	<u>\$ 1,212,651</u>

- Based upon the operations of 2008, the department's net assets increased by \$7,102 and resulted in ending net assets of \$1,219,754.
- Total revenue in 2008 was \$18,569 lower than in 2007 primarily due to a decrease in grant revenue.
- Total expenses in 2008 were \$18,917 higher than in 2007.

## **PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**

Paradis, Louisiana

### **Management's Discussion and Analysis For the year ended December 31, 2008**

#### **GOVERNMENTAL FUND**

The department uses funds to help control and manage money for particular purposes. At the completion of the year, the department's governmental fund reported a fund balance of \$272,231. This reflects a decrease of \$238,457 from last year.

#### **CAPITAL ASSETS AND LONG-TERM DEBT**

During the year, the department purchased \$23,951 in equipment and \$531,305 in vehicles. Depreciation expense for the year was \$109,335. Total capital assets, net of accumulated depreciation were \$1,691,765 as of December 31, 2008.

During the year, the department paid \$22,304 towards the principal balance on the loan made for renovations to the fire station and added a new note payable of \$222,260 for the purchase of a new fire truck. The first payment due on the new note will be made in 2009. Total interest paid on notes payable for the year was \$35,309. The department's note payable balance at December 31, 2008 is \$904,686.

You can read Notes 4 and 5 on page 21 for more information.

#### **ECONOMIC FACTORS AND NEXT YEARS BUDGET**

Because the department is a quasi-public entity it is not required to prepare a budget for public inspection. However, key factors in the 2009 budget include:

- For 2009, the department plans to upgrade the rescue truck for approximately \$3,600.
- For the next year(s), the department plans to focus on paying the debt that it incurred in order to construct the station addition.

#### **CONTACTING THE FIRE DEPARTMENT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the department's finances and to show the department's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Ms. Angela Dufrene, Treasurer, P.O. Box 1489, Paradis, Louisiana 70080.

#### **CLOSING COMMENTS**

The department continues to closely monitor the use of its funds to ensure that the funds are spent wisely. We are very proud of the progress that has been made throughout the parish in fire protection to all our citizens.

**Basic Financial Statements**  
**Government-Wide Financial Statements**

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**  
**Paradis, Louisiana**

**Statement of Net Assets**  
**December 31, 2008**

	<u>Governmental Activites</u>
<b>ASSETS</b>	
Current assets:	
Cash and short-term investments	\$ 258,243
Receivables:	
Ad valorem taxes	171,076
Sales taxes	<u>20,017</u>
Total current assets	449,336
Fixed assets:	
Capital assets, net of accumulated depreciation	<u>1,691,765</u>
Total fixed assets	<u>1,691,765</u>
<b>Total assets</b>	<u><u>\$ 2,141,101</u></u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable to various vendors	\$ 6,030
Accrued interest payable	10,631
Current portion of long-term liabilities	<u>62,232</u>
Total current liabilities	78,893
Long-term liabilities	
Due in more than one year	<u>842,454</u>
Total long-term liabilities	842,454
<b>Total liabilities</b>	<u><u>\$ 921,347</u></u>
<b>NET ASSETS</b>	
Investment in capital assets, net of related debt	\$ 787,079
Unrestricted	<u>432,675</u>
<b>Total net assets</b>	<u><u>\$ 1,219,754</u></u>

The accompanying notes are an integral part of this statement.

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**  
**Paradis, Louisiana**

**Statement of Activities**  
**For the Year Ended December 31, 2008**

		<u>Program Revenues</u>		
		<u>Charges</u>	<u>Operating</u>	
	<u>Expenses</u>	<u>for</u>	<u>Grants</u>	<u>Total</u>
		<u>Services</u>		
<b>Expenses:</b>				
Governmental activities:				
Public safety - fire protection:				
Repairs and maintenance	\$ 14,084	\$ -	\$ -	\$ 14,084
Professional fees	5,835	-	-	5,835
Insurance	39,908	-	-	39,908
Fuel	7,742	-	-	7,742
Supplies and materials	19,975	-	-	19,975
Utilities and telephone	15,221	-	-	15,221
Personnel	14,502	-	-	14,502
Fire prevention	4,941	-	-	4,941
Dues and subscriptions	275	-	-	275
Office expense	6,099	-	-	6,099
Installation of officers	3,346	-	-	3,346
Meals	6,942	-	-	6,942
Meetings & conventions	150	-	-	150
Miscellaneous	1,287	-	-	1,287
Depreciation expense	109,335	-	-	109,335
Interest expense	44,715	-	-	44,715
<b>Total governmental activities</b>	<b>\$ 294,357</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 294,357</b>

**General Revenues:**

Ad valorem tax	\$ 169,701
Sales tax	110,088
Fire insurance rebate	4,763
Dividend income	730
Interest income	4,678
Grants	10,749
Miscellaneous income	750

**Total general revenues** \$ 301,459

**Change in net assets** 7,102

**Net assets:**

<b>Beginning of the year</b>	<u>1,212,652</u>
<b>End of the year</b>	<u><u>\$ 1,219,754</u></u>

The accompanying notes are an integral part of this statement.

## **Basic Financial Statements**

### **Fund Financial Statements**

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**  
**Paradis, Louisiana**

**Balance Sheet - Governmental Funds**  
**December 31, 2008**

	<u>General Fund</u>	<u>Non-Major Fund</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and investments	\$ 242,917	\$ 15,326	\$ 258,243
Receivables:			
Ad valorem taxes	171,076	-	171,076
Sales taxes	<u>20,017</u>	<u>-</u>	<u>20,017</u>
<b>Total assets</b>	<u><u>\$ 434,010</u></u>	<u><u>\$ 15,326</u></u>	<u><u>\$ 449,336</u></u>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>Liabilities</b>			
Accounts payable to various vendors	\$ 6,029	\$ -	\$ 6,029
Deferred revenue	<u>171,076</u>	<u>-</u>	<u>171,076</u>
<b>Total liabilities</b>	<u><u>\$ 177,105</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 177,105</u></u>
<b>Fund equity and other credits</b>			
Fund balance:			
Unreserved - undesignated	<u>\$ 256,905</u>	<u>\$ 15,326</u>	<u>\$ 272,231</u>
<b>Total fund equity and other credits</b>	<u><u>\$ 256,905</u></u>	<u><u>\$ 15,326</u></u>	<u><u>\$ 272,231</u></u>
<b>Total liabilities, fund equity and other credits</b>	<u><u>\$ 434,010</u></u>	<u><u>\$ 15,326</u></u>	<u><u>\$ 449,336</u></u>

The accompanying notes are an integral part of this statement.

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**  
**Paradis, Louisiana**

**Statement Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2008**

	General Fund	Non-Major Fund	Totals
<b>REVENUES</b>			
Ad valorem tax	\$ 160,701	\$ -	\$ 160,701
Sales tax	110,088	-	110,088
Fire insurance rebate	4,763	-	4,763
Interest	4,606	73	4,679
Dividend	730	-	730
Grants	10,749	-	10,749
Other revenue	525	225	750
Total revenues	<u>\$ 292,162</u>	<u>\$ 298</u>	<u>\$ 292,460</u>
<b>EXPENDITURES</b>			
Current:			
Repairs and maintenance	\$ 14,084	\$ -	\$ 14,084
Professional fees	5,835	-	5,835
Insurance	39,908	-	39,908
Fuel	7,742	-	7,742
Supplies and materials	19,417	558	19,975
Utilities and telephone	15,221	-	15,221
Personnel	14,502	-	14,502
Fire prevention	4,941	-	4,941
Dues and subscriptions	275	-	275
Office expense	6,099	-	6,099
Installation of officers	3,346	-	3,346
Meals	6,942	-	6,942
Meetings & conventions	150	-	150
Miscellaneous	888	400	1,288
Capital Outlay:			
Equipment purchase	23,951	-	23,951
Vehicle purchase	531,305	-	531,305
Retirement of Long-Term Debt:			
Principal retirement	22,304	-	22,304
Interest	35,309	-	35,309
Total expenditures	<u>\$ 752,219</u>	<u>\$ 958</u>	<u>\$ 753,177</u>
Excess of revenues over/(under) expenditures	\$ (460,057)	\$ (660)	\$ (460,717)
<b>OTHER FINANCING SOURCES</b>			
Loan Proceeds	\$ 222,260	\$ -	\$ 222,260
Total other financing sources	<u>\$ 222,260</u>	<u>\$ -</u>	<u>\$ 222,260</u>
Excess of revenues and other financing sources over/(under) expenditures	\$ (237,797)	\$ (660)	\$ (238,457)
<b>Fund balance</b>			
Beginning of year	494,702	15,986	510,688
End of year	<u>\$ 256,905</u>	<u>\$ 15,326</u>	<u>\$ 272,231</u>

The accompanying notes are an integral part of this statement



**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**  
**Paradis, Louisiana**

**Reconciliation of the Governmental Fund Balance Sheet to the  
Government-Wide Statement of Net Assets  
December 31, 2008**

Total Fund Balances - Governmental Funds	\$ 272,231
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Amounts reported for governmental activities in the Statement of  
Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet	1,691,765
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Ad valorem taxes will be collected after year end; but, they are not available soon enough to pay for the current period expenditures; therefore they are reported as deferred revenue in the fund financial statements.	171,076
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Some liabilities reported in the statement of net assets do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest payable	(10,631)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet. All liabilities both current and long-term are reported in the Statement of Net Assets.

Notes payable	<u>(904,686)</u>
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Total Net Assets - Governmental activities	<u>\$ 1,219,754</u>
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**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**  
**Paradis, Louisiana**

**Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds to the Statement of Activities  
For the year ended December 31, 2008**

Net Change in Fund Balances - Governmental Funds \$ (238,457)

Amounts reported for governmental activities in the Statement of  
Activities are different because:

Governmental funds report capital outlays as expenditures. However, in  
the statement of activities, the cost of those assets is allocated over their  
estimated useful lives and reported as depreciation expense.

Capital assets purchased	\$	555,256	
Depreciation expense		(109,335)	445,921

Ad valorem tax revenue in the statement of activities that do not provide  
current resources is not reported as revenue in the fund financial  
statements. 9,001

Governmental funds report proceeds from loans as an other financing  
source on the Statement of Revenue, Expenditures, and Change in  
Fund Balance; however, this is not reported as a revenue source  
on the Statement of Activities. These proceeds are reported on the  
Statement of Net Assets as an increase in long-term liabilities.

Loan proceeds	(222,260)
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Governmental funds report debt service payments as expenditures.  
However, repayment of principle indebtedness reduces long-term  
reduces long-term liabilities in the statement of net assets instead of  
being an expense. This is the amount of principal repayments in the  
current year. 22,304

Some expenses reported in the statement of activities do not require the  
use of current financial resources and, therefore, are not reported as  
expenditures in governmental funds.

Change in accrued interest payable	(9,406)
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Change in Net Assets - Governmental activities	\$ 7,102
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The accompanying notes are an integral part of this statement.

## **Notes to the Financial Statements**

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**  
**PARADIS, LOUISIANA**

Notes to the Financial Statements  
As of and for the year ended December 31, 2008

**INTRODUCTION**

The Paradis Volunteer Fire Department, Inc. (the department) was organized as a non-profit corporation as defined by Revised Statutes of Louisiana Title 12, Section 101 (8). The department is exempt from Federal income tax under section 501(c)(4) of the Internal Revenue Code. Its objective is to provide fire protection to the Parish of St. Charles.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The Department's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Department are discussed below.

**B. Reporting entity**

*The Department receives funding from local and state government sources and must comply with the concomitant requirements of these funding source entities. However, the Department is a "primary government" and is not included as a component unit of any other St. Charles Parish governmental "reporting entity" as defined in GASB pronouncements, since the entity is a non-profit corporation, and the board members have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. The Department includes all activities that are controlled by it as a quasi-public non-profit corporation organized to provide fire protection to the Parish of St. Charles. The Department has no component units.*

The accounting and reporting policies of the Department conform to generally accepted accounting principles as applicable to governmental units.

**C. Basic Financial Statements - Government-wide Statements**

The department's basic financial statements include both government-wide (reporting the department as a whole) and fund financial statements (reporting the department's major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The department's general fund and private contributions fund are its only funds and are classified as governmental funds. The department has no business-type activities.

In the government-wide Statement of Net Assets (Statement A), the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The department's net assets are reported in two parts—invested in capital assets, net of related debt and unrestricted net assets.

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**  
**PARADIS, LOUISIANA**

Notes to the Financial Statements  
As of and for the year ended December 31, 2008

The government-wide Statement of Activities (Statement B) reports both the gross and net cost of the department's function. General government revenues (1/8 cent sales tax and ad valorem tax) support the function. The department does not receive related program revenues, which would reduce gross expenses in the Statement of Activities.

This government-wide focus is more on the sustainability of the department as an entity and the change in the department's net assets resulting from the current year's activities.

**D. Basic Financial Statements - Fund Financial Statements**

The department uses funds to report on its financial position and the result of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate entity with a self-balancing set of accounts. Funds of the department are classified as governmental. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the department or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type. The non-major funds are summarized by category or fund type into a single column in the fund financial statements. This category, in turn, is divided into separate fund types. The fund classifications and descriptions of the existing funds follow:

Governmental Funds

Governmental funds account for the department's entire general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations.

The governmental funds of the department include the general fund and private contributions fund. A description of these follows.

General Fund

The general fund is the operating fund of the department and accounts for all financial resources, except those required to be accounted for in other funds.

Private Contributions Fund

The private contributions fund accounts for private contributions made to the department, along with related revenues. This fund does not account for taxpayer funds. The fund also accounts for expenditures made from those financial resources.

**E. Basis of Accounting / Measurement Focus**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**  
**PARADIS, LOUISIANA**

Notes to the Financial Statements  
As of and for the year ended December 31, 2008

Accrual:

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

The department's records are maintained on the cash basis of accounting. However, the *General Fund reported in the accompanying financial statements has been converted to a modified accrual basis of accounting utilizing the following practices in recording revenues and expenditures:*

Revenues

Sales taxes are recorded in the month the taxes are collected by the St. Charles Parish School Board. Sales taxes become payable to the St. Charles Parish School Board on the first day of the month and become delinquent on the 20<sup>th</sup> day of the month following incurrence of the taxes by businesses.

An ad valorem issue is dedicated to the operations of the nine volunteer fire departments in St. Charles Parish. The tax milage expires in 2010. Each department is to receive one ninth of annual collections. Taxes levied in November each year are available for expenditures in the subsequent year.

Interest income on investments is recorded when the investments have matured and income is available.

All other revenues are recorded when received.

The majority of the department's revenues are derived from the one-eighth of one percent sales tax and the ad valorem tax for operations.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**F. Budgets and Budgetary Accounting**

The Department was not required to prepare a budget for the year ended December 31, 2008.

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**  
**PARADIS, LOUISIANA**

Notes to the Financial Statements  
As of and for the year ended December 31, 2008

**G. Cash and Cash Equivalents**

Under state law, the department may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Cash and cash equivalents, which include interest bearing demand deposit accounts and certificates of deposit with an original maturity of less than 90 days, are stated at cost, which approximates fair market value.

**H. Investments**

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana or any other federally insured investment.

The department's only investments are certificates of deposit, with an original maturity of greater than 90 days, which are stated at cost, which approximates market. Investments in certificates of deposit are reported at cost because they are "nonparticipating" interest-earning investment contracts as discussed in GASB 31. The term "nonparticipating" means that the investment value does not vary with market interest rate changes. Investments which include securities traded on a national or international exchange are valued based on their last reported sales price (fair value). Investments that do not have an established market are reported at estimated fair value.

**I. Receivables**

The financial statements of the department do not contain an allowance for uncollectible receivables because management believes all amounts will be collected. However, if management becomes aware of information that would change its assessment about the collectibility of any receivable, management would write off the receivable as a bad debt at that time.

**J. Inventories**

Physical inventories consist of expendable supplies held for consumption. Because inventories are expended within one operating cycle they are recorded as expenditures when paid for and are not recorded as an inventory asset.

**K. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**  
**PARADIS, LOUISIANA**

Notes to the Financial Statements  
As of and for the year ended December 31, 2008

**L. Capital Assets**

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Donated assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

Buildings	40 years
Building improvements	10 - 40 years
Equipment	5 - 15 years
Vehicles	5 - 15 years

In the fund financial statements, capital assets used in the department's operations are accounted for as capital outlay expenditures of the governmental fund that provided the resources to acquire the assets. Depreciation is not computed or recorded on capital assets for purposes of the fund financial statements.

**M. Long-Term Obligations**

In the government-wide financial statements, debt and principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Assets. In the fund financial statements, however, debt and principal payments of governmental funds are recognized as expenditures when paid.

**N. Net Assets/Fund Balances**

In the Statement of Net Assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets is as follows:

Invested in Capital Assets, Net of Related Debt

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowing attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Assets

This component consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The department has net assets restricted for prepaid insurance.

Unrestricted Net Assets

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use.



**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**  
**PARADIS, LOUISIANA**

Notes to the Financial Statements  
As of and for the year ended December 31, 2008

When both restricted and unrestricted resources are available for use, it is the department's policy to use restricted resources first to finance its activities.

In the Balance Sheet of governmental funds, fund balances are segregated as follows:

Reserved

These resources are segregated because their use is earmarked for a specific use. The department has not reserved fund balances. The department has no reserved fund balances.

Unreserved

This category represents that portion of equity not appropriable for expenditures or legally segregated for a specific future use.

**NOTE 2. CASH AND INVESTMENTS**

At December 31, 2008, the department has demand deposits and certificates of deposit (book balances) totaling \$258,243, as follows:

<u>Cash &amp; Investments</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Credit Risk Category</u>
Cash:					
First National Bank *U*S*A - Checking	\$ 55,993	\$ 55,993	0.250%	Demand	Category 3
First National Bank *U*S*A - Savings	86,924	86,924	0.400%	Demand	Category 3
Capital One Bank - Checking	<u>15,326</u>	<u>15,326</u>	0.450%	Demand	Category 1
Total Cash	<u>158,243</u>	<u>158,243</u>			
Investments:					
Certificates of Deposit:					
First National Bank *U*S*A CD - 11	50,000	50,000	3.00%	2/4/2009	Category 3
First National Bank *U*S*A CD - 12	<u>50,000</u>	<u>50,000</u>	3.00%	2/4/2009	Category 3
Total Investments	<u>100,000</u>	<u>100,000</u>			
Total Cash & Investments	<u>\$ 258,243</u>	<u>\$ 258,243</u>			

The department's only investments are certificates of deposit.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities must be held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**  
**PARADIS, LOUISIANA**

Notes to the Financial Statements  
As of and for the year ended December 31, 2008

At year-end, the total balances of the department's checking accounts (bank balances) and certificates of deposits at the two institutions that the department holds have accounts that totaled \$260,785. All of the bank balances were secured by FDIC insurance (Category 1). The department also has pledged securities of \$545,000 for the instance that the bank balance would exceed FDIC insurance. These securities are held by First National Bank for the benefit of the department (Category 3) to thereby reduce their credit risks.

**NOTE 3. RECEIVABLES**

The receivables at December 31, 2008, consisted of ad valorem taxes in the amount of \$171,076 and sales taxes in the amount of \$20,017.

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2008, was as follows:

	<u>Balance at 12/31/2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 12/31/2008</u>
Capital assets being depreciated:				
Equipment	\$ 342,957	\$ 23,951	\$ 0	\$ 366,908
Buildings	970,045	0	0	970,045
Vehicles	<u>808,365</u>	<u>531,305</u>	<u>0</u>	<u>1,337,670</u>
 Total capital assets being depreciated	 <u>2,119,367</u>	 <u>555,256</u>	 <u>0</u>	 <u>2,674,623</u>
Less: accumulated depreciation	<u>(873,523)</u>	<u>(109,335)</u>	<u>0</u>	<u>(982,858)</u>
 Total capital assets being depreciated, net	 <u>1,245,844</u>	 <u>445,921</u>	 <u>0</u>	 <u>1,691,765</u>
 Total capital assets, net	 <u><u>\$1,245,844</u></u>	 <u><u>\$ 445,921</u></u>	 <u><u>\$ 0</u></u>	 <u><u>\$ 1,691,765</u></u>

Depreciation expense for the year was \$109,335.

**NOTE 5. LONG-TERM DEBT**

A summary of the changes in general long-term debt obligations of the department is as follows:

Long-term obligations payable at December 31, 2007	\$ 704,730
Additions	222,260
Reductions	<u>(22,304)</u>
Long-term obligations payable at December 31, 2008	<u><u>\$ 904,686</u></u>

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**  
**PARADIS, LOUISIANA**

Notes to the Financial Statements  
As of and for the year ended December 31, 2008

On June 19, 2003, the department entered into loan for renovations and additions to the central fire station in the amount of \$815,280. The department has pledged as collateral, its excess of annual revenues above statutory, necessary and usual charges in each of the fiscal years during which the debt is outstanding. Interest on the loan is calculated at 5%. The note will mature in February 2027.

During the year 2008, the department paid \$22,304 of principal which left the balance of the loan at \$682,426 at year-end. Interest expense on the loan for the year was \$35,309.

On May 1, 2008, the department obtained financing for the purchase of a new ladder truck. The total cost of the truck was \$531,305. The amount financed was \$222,260. Interest on the loan is 13% with a maturity date of May 2014 and payments of \$52,836 due annually. The first payment is due May 1, 2009.

The department has required principal payments due in less than 1 year of \$62,232, in more than 1 year of \$842,454.

Year ending December 31,	Principal	Interest	Total Debt Service Requirement
2009	62,232	48,218	110,450
2010	52,837	57,612	110,449
2011	57,910	52,539	110,449
2012	63,473	46,975	110,448
2013-2017	247,469	146,270	393,739
2018-2022	205,945	82,124	288,069
2023-2027	214,819	23,824	238,643
\$	904,686	\$ 457,561	\$ 1,362,247

The department had no short-term debt in 2008.

**NOTE 6. AD VALOREM TAX**

Effective July 21, 1990, the voters of St. Charles Parish approved a property tax milage in the amount of 1.6 mils. This tax is collected by the St. Charles Parish Sheriff to be used for the fire protection of the Parish of St. Charles. The funds are distributed to the nine individual fire departments of the St. Charles Parish Firemen's Association, Inc. by the parish's Department of Finance. The department's share of the total property tax for the year ended December 31, 2008 was \$169,701 paid at a milage rate of 1.54

The St. Charles Parish Assessor levies the ad valorem tax each year on November 15 based upon the assessed value, less homestead exemptions. The 1st day of January preceding the annual levy date (Nov. 15th) is used as the date to value the property subject to tax. The tax becomes due on November 15 and is considered delinquent if not paid by December 31. Most of the property tax revenues are collected during the months of December, January, and February.

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.  
PARADIS, LOUISIANA**

**Notes to the Financial Statements  
As of and for the year ended December 31, 2008**

Government-wide financial statements

Ad valorem tax revenue is recognized in the year for which the taxes are levied. Revenue is recognized as the current year's assessment less the uncollected portion of the prior year's assessment.

Fund financial statements

The department does not consider the current year's assessment to be "available" for current year expenditures and budgets the revenue to be used in the year following the assessment, when the majority of the taxes are actually collected.

**NOTE 7. FIRE PROTECTION CONTRACT**

Effective March 1, 1980, sales tax in the amount of one-eighth of one percent is collected by the St. Charles Parish School Board and administered by the Parish President. The sales tax is to be used for the fire protection of the Parish of St. Charles. The funds are distributed monthly by the Parish President to the individual fire departments of the St. Charles Parish Firemen's Association, Inc. Effective May 1, 2006, the sales tax is distributed on the following basis:

	Monthly Basis	% of Remaining Funds
Bayou Gauche Volunteer Fire Dept., Inc.	\$ 2,500	3.86%
Des Allemands Volunteer Fire Dept., Inc.	\$ 2,500	4.43%
East Side St. Charles Volunteer Fire Dept., Inc.	\$ 2,500	23.47%
Hahnville Volunteer Fire Dept., Inc.	\$ 2,500	6.82%
Killona Volunteer Fire Dept., Inc.	\$ 2,500	1.52%
Luling Volunteer Fire Dept., Inc.	\$ 2,500	29.43%
Norco Area Volunteer Fire Dept., Inc.	\$ 2,500	9.75%
Paradis Volunteer Fire Dept., Inc.	\$ 2,500	4.64%
St. Rose Volunteer Fire Dept., Inc.	\$ 2,500	16.08%

The department receives a monthly base amount of \$2,500 plus 4.64% of the remaining funds. The total revenue under this agreement for the year ended December 31, 2008 was \$110,088. Sales tax receivable at December 31, 2008 consists of the Department's share of the 1/8<sup>th</sup> cent sales tax for the month of November 2008, collected on or before December 20, 2008 by the St. Charles Parish School Board and remitted by St. Charles Parish in January 2009.

**NOTE 8. GRANT REVENUE**

During 2008, the department received a total of \$10,749 in grant revenue. This revenue was received from two separate grantors. The department of Agriculture & Forestry granted the department \$10,000. The remaining \$749 was the balance of a grant received in 2007 from Dow Chemical Company Foundation. The foundation had awarded the department a grant for

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**  
**PARADIS, LOUISIANA**

Notes to the Financial Statements  
As of and for the year ended December 31, 2008

\$5,000 to purchase equipment needed for water rescue and training for use of the equipment. On September 5, 2007, an inflatable bridge was purchased for \$4,251. The remaining \$749 was used in 2008 to purchase life vests. The life vests were purchased on January 7, 2008 from Fire Safety USA at a cost of \$870; therefore satisfying the grant restriction.

**NOTE 9. LEASES**

The department has two capital leases for the two pieces of land that its stations are on. The first lease is for the piece of land where Station #1 is located. This lease is with Ms. Margaret Dewitt and states that the department may use the land exclusively at no cost as long as it is providing fire protection. The second lease is for the piece of land where Station #2 is located. This lease is with Texaco and states that the department may use the land exclusively at no cost as long as it is providing fire protection.

**NOTE 10. RISK MANAGEMENT**

The department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; illnesses or injuries to its volunteers; and natural disasters. The department has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the department's insurance coverage.

The department's management has not purchased commercial insurance or made provisions to cover or reduce the risk of loss, as a result of business interruption and certain acts of God, like floods or earthquakes.

**NOTE 11. LITIGATION AND CLAIMS**

At December 31, 2008, the department had no litigation or claims pending.

## **Supplemental Information Schedules**

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**  
**Paradis, Louisiana**

**Statement Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Fund**  
**For the Year Ended December 31, 2008**

	<b>Private Contributions Fund</b>
<b>REVENUES</b>	
Private contributions	\$ 225
Interest	73
Total revenues	<u>\$ 298</u>
<b>EXPENDITURES</b>	
Current:	
Miscellaneous	\$ 400
Small equipment	558
Total expenditures	<u>\$ 958</u>
<b>Excess of revenues over/(under) expenditures</b>	\$ (660)
<b>Fund balance</b>	
Beginning of year	<u>15,986</u>
End of year	<u><u>\$ 15,326</u></u>

## **Reports by Management**



## **PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**

### **Summary Schedule of Prior Audit Findings As of and for the Year Ended December 31, 2008**

#### **Ref. No.**

0712-01

#### **Description of Finding**

Internal Control Material Weakness. The size of the Paradis Volunteer Fire Department, Inc.'s operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.

#### **Corrective Action Planned**

No corrective action plan is taken because of the size of the entity.

#### **Name of Contact Person**

Angela Dufrene, Treasurer

#### **Anticipated Completion Date**

None

#### **Additional Explanation**

This is a common deficiency noted in audits of small entities. The Department's office does not employ enough people in its accounting department to adequately segregate duties such as approving purchase orders, approving invoices for payment, printing checks, recording checks, signing checks, mailing checks, and reconciling bank statements. This is one example of the circumstances that resulted in the reportable condition.

This deficiency cannot be remedied in a cost effective manner.

## **PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**

### **Summary Schedule of Current Year Audit Findings As of and for the Year Ended December 31, 2008**

#### **Ref. No.**

0812-01

#### **Description of Finding**

Internal Control Material Weakness. The size of the Paradis Volunteer Fire Department, Inc.'s operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.

#### **Corrective Action Planned**

No corrective action plan is taken because of the size of the entity.

#### **Name of Contact Person**

Angela Dufrene, Treasurer

#### **Anticipated Completion Date**

None

#### **Additional Explanation**

This is a common deficiency noted in audits of small entities. The Department's office does not employ enough people in its accounting department to adequately segregate duties such as approving purchase orders, approving invoices for payment, printing checks, recording checks, signing checks, mailing checks, and reconciling bank statements. This is one example of the circumstances that resulted in the reportable condition.

This deficiency cannot be remedied in a cost effective manner.

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**

**Summary Schedule of Current Year Audit Findings  
As of and for the Year Ended December 31, 2008**

**Ref. No.**

0812-02

**Description of Finding**

Inadequate Controls over Financial Statement Preparation

A material weakness exists in financial reporting because the Department does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

**Corrective Action Plan**

Management has evaluated the cost versus benefit of hiring a person who has the qualifications and training to apply generally accepted accounting principles in the preparation of financial statements. Management has determined that it is in the best interest of the Department at this time, to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them. Management understands that it accepts final responsibility for the financial statements content and presentation.

**Name of Contact Person**

Angela Dufrene, Treasurer

**Anticipated Completion Date**

None

**OTHER REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**Board of Directors  
Paradis Volunteer Fire Department, Inc.  
Paradis, Louisiana**

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Paradis Volunteer Fire Department, Inc. (the department) as of and for the year ended December 31, 2008, which collectively comprise the Department's basic financial statements and have issued our report thereon dated June 28, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Department's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Department's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Department's financial statements that is more than inconsequential will not be prevented or detected by the Department's internal control. We consider the deficiencies described in the

accompanying schedule of current year audit findings on pages 27 and 28 to be significant deficiencies in internal control over financial reporting.

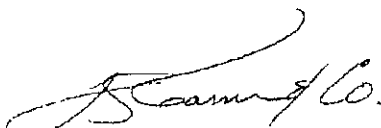
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Department's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 0812-01 & 0812-02 to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Department's Board, those governments for which reporting is required, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.



Thibodaux, Louisiana  
June 28, 2009